

2018

ANNUAL REPORT



**Caisse populaire Desjardins de
Mingan-Anticosti**

Head office

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NOTE TO READERS

We've updated our annual report format as at December 31, 2018. This year's report provides a brief overview of our key financial data.

This document complies with the reporting requirements of the *Act respecting financial services cooperatives* and the Autorité des marchés financiers and was approved by the caisse board of directors.

Charles Kavanagh, Chair
Andrée Chiasson, Secretary

About Caisse populaire Desjardins de Mingan-Anticosti:

- 2,137 members
- \$57,056 given back through our Community Development Fund
- A dynamic management team led by Claude Giroux

• Dedicated officers

Charles Kavanagh	Chair
Kim Malouin	Vice-Chair
Andrée Chiasson	Secretary
Claire Germain	Director
Denise O. Hébert	Director
Jocelyne Dionne	Director
Julien Lizotte	Director

Desjardins Group Highlights

- Surplus earnings before member dividends up \$175 million compared to 2017, for a total of \$2,326 million, including:
 - \$1,272 million from Personal and Business Services
 - \$894 million from Wealth Management and Life and Health Insurance
 - \$173 million from Property and Casualty Insurance
- Outstanding loans and acceptances up \$13.1 billion
- \$57.4 billion in assets under management
- 17.3% Tier 1A capital ratio
- 9.3% return on equity compared to 9.1% in 2017
- 8.9% adjusted return on equity compared to 8% in 2017
- Total assets up \$20.4 billion
- \$16,576 million in operating income
- \$389 million given back to members and the community

CAISSE FINANCIALS

- Assets of \$102,260K, up 31.3%
- Liabilities of \$94,115K, an increase of 34.4%
- Equity of \$8,145K, up 3.1%
 - Capital stock: \$241K
 - Distributable surplus earnings: \$1,165K
 - Accumulated other comprehensive income: \$3K
 - Reserves: \$6,736K
 - Stabilization reserve: \$61K
 - Reserve for future member dividends: \$3K
 - Community Development Fund: \$244K
- Operating surplus earnings of \$398K, up 84.3%
- Total Interest income of \$2,604K, an increase of 36.6%
- Interest expenses of \$944K, up 62.8%
- Other income totalling \$557K, down 8.2%
- Non-interest expenses of \$1,715K, an increase of 4.8%

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$224,415.

*Restricted parties include:

- a) Caisse directors and the caisse general manager, including their relatives
- b) The Federation's directors, including their relatives

Investment Funds

The money that caisses invest in these funds allows the Fédération des caisses Desjardins du Québec (the Federation) to invest in Desjardins Group subsidiaries and regional projects. The table below indicates the caisse's interest in each investment fund and the fund's return at the end of the fiscal year.

	Value of shares held as at December 31, 2018 (\$)	Average return (%)
Provincial Funds		
Société de Services des caisses Desjardins (SER)	(29)	0.0
Desjardins Capital Management (INV)	5,783	8.0
Desjardins Financial Holding (FIN5A)	2,113,577	11.5

The Federation's obligation to holders of permanent shares

Further to a recommendation issued by the Autorité des marchés financiers, the Federation guarantees that it will indemnify Quebec caisse members holding permanent shares in the event of losses resulting from misinformation in the audited Combined Financial Statements and annual Desjardins Group Management's Discussion and Analysis available at www.sedar.com. The Federation's obligation in this matter is subject to certain conditions. Holders of permanent shares can request more information at their caisse.

The Combined Financial Statements of the Desjardins caisses in Quebec are also available to the public at www.desjardins.com.

SUMMARY OF THE DEPOSIT PORTFOLIO

As at December 31, 2018, the caisse's member deposits totalled \$91,896K, up \$23,726K, or 34.8%, year over year. Business deposits provide the main source of funding for the caisse's expansion. These deposits represent 36.4% of total deposits as at December 31, 2018. The following table shows the breakdown of deposits by type of depositor with amounts by type of savings *.

(in thousands of Canadian dollars)	Checking accounts	Tiered savings accounts	Regular savings accounts	Term savings	Registered savings plans	Total as at December 31 2018	Total as at December 31 2017
Individuals	6,458	2,478	3,085	3,389	17,226	32,636	31,541
Businesses	14,658	117	12,391	6,260	-	33,426	30,439
Public sector and other	2,628	8	9,592	13,606	-	25,834	6,190
Total	23,744	2,603	25,068	23,255	17,226	91,896	68,170

*See Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec available at www.desjardins.com for additional information on presentation and significant accounting policies.

SUMMARY OF THE LOAN PORTFOLIO

The information in the table below was determined in accordance with IFRS 9 as at December 31, 2018, and in accordance with IAS 39 as at December 31, 2017. For more information, see Note 2 (Basis of presentation and significant accounting policies) to the Combined Financial Statements of the Desjardins caisses in Quebec for the year ended December 31, 2018, available at www.desjardins.com.

As at December 31, 2018, the quality of the caisse's loan portfolio remained high. Gross impaired loans represented only 0.3% of total gross loans. The table below shows the carrying amount of loans and their allowance balance by stage:

	Non-credit impaired		Credit-impaired				Total		Net carrying amount
	Stage 1		Stage 2		Stage 3				
As at December 31, 2018 (in thousands of Canadian dollars)	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	
Personal									
Residential							11,756		
Consumer and other							4,052		
	14,489	7	1,261	28	58	41	15,808	76	15,732
Business									
Commercial and industrial							13,428		
Agriculture, forestry and fishing							2,557		
Public administration and institutions							1,168		
	15,773	13	1,344	8	36	-	17,153	21	17,132
Total	30,262	20	2,605	36	94	41	32,961	97	32,864

The following table shows the credit quality of loans:

	Gross loans	Gross loans past due but not impaired	Gross impaired loans	Individual allowances	Collective allowance	Net loans
As at December 31, 2017 (in thousands of Canadian dollars)						
Personal						
Residential	11,550					
Consumer and other	3,673					
	15,223	824	136	134	25	15,064
Business						
Commercial and industrial	7,401					
Agriculture, forestry and fishing	4,396					
Public administration and institutions	1,034					
	12,831	-	-	-	47	12,784
Total	28,054	824	136	134	72	27,848

Further to adoption of IFRS 9 of January 1, 2018, all loans included in Stage 3 of the impairment model are considered impaired. The criteria for considering a loan to be impaired were different under IAS 39.